

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
FOLLOW-UP INTERROGATORIES
TO THE UNITED STATES POSTAL SERVICE
(OCA/USPS-87-93)
September 22, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-87. Please supply the dates of attendance at the Postal Forum of all Postal Service witnesses in this proceeding.

- a. For any such attendees, please state whether they hosted any meetings or seminars, and describe any such meetings or seminars.
- b. For any such attendees, please submit any prepared remarks they delivered.

OCA/USPS-88. Please refer to LR H-263, "Statement of Work for Qualitative Market Research – Prepaid Reply Mail Concept, In-depth Interviews with Businesses." An addendum states that "[a]t a minimum, Don DeLuca, and Mary Garvin will review all final reports before they are delivered."

- a. Please state the positions of Mr. DeLuca and Ms. Garvin and describe the functions of such positions.
- b. Did they review LR H-226 prior to its final delivery? Please describe.
- c. Please supply all documents relating to their review of LR H-226.

OCA/USPS-89. The next series of questions relate in part to LR H-264, "Transcripts of Qualitative Market Research – Prepaid Reply Mail Concept, In-depth Interviews with Businesses." Please refer to Transcript No. 1, p. 22, where the interviewer is quoted as stating: "So here we've got this, this one variation where it's implicit payment, it's virtually identical to your current BRM process, but it would be at a reduced rate."

- a. Does the Postal Service agree with the interviewer's characterization of implicit PRM? If not, please explain.

- b. Please refer to the response of witness Fronk to OCA/USPS-T32-58(b) which states in part: "Also, the report does not address QBRM at all. Please recognize that while my testimony proposes the same 30-cent postage rate for both products, QBRM is still Business Reply Mail with a per-piece fee and the involvement of Postal Service postage due units (see page 7 of my testimony)." Please reconcile witness Fronk's response with the interviewer's (apparent) characterization of implicit PRM as being virtually identical to current BRM.

OCA/USPS-90. Please refer to Transcript No. 1, p. 23 where the interviewee states: "But you know, would we pass that on to the customers and tell them that? From my perspective, probably not."

- a. Confirm that as to this interviewee, any savings realized from a reduced PRM rate would "probably not" be passed on to customers. If not confirmed, please explain.
- b. Does the Postal Service have any evidence that any savings realized by PRM or QBRM mailers from a reduced PRM rate would be passed on to customers? If so, please explain.

OCA/USPS-91. Please refer to the response of witness Fronk to OCA/USPS-T32-64 where he states, in part: "Mailers may participate in PRM if they feel it meets their needs and if they meet Postal Service requirements for participation."

- a. Assuming that a mailer wishes to participate in PRM and meets all the Postal Service requirements for participation. Will the Postal Service be able to

implement all PRM service requests immediately (or on short notice)? Or, is it possible that the Postal Service will limit participation at first while it is setting up and gaining experience with any new auditing systems that are necessary to effectuate PRM? Please discuss.

- b. If implementation will be delayed for some mailers, what criteria will be used to decide who gets to use PRM first?

OCA/USPS-92. Please refer to the response of witness Fronk to OCA/USPS-T32-90.

In the second paragraph of that response, he states:

In addition, the interviews [which formed the basis of LR H-226] involved a description of PRM fundamentally different than what was ultimately proposed. For instance, the concept described in the interviews included both "implicit" and "explicit" variations of the product concept (based on whether the business would bill the customer explicitly for the cost of the PRM postage) and assumed in some instances that the Postal Service would perform the postage accounting function rather than the PRM recipient. In the proposal submitted in my testimony, the business rather than the Postal Service decides how to pay for the costs of PRM postage. Also, the PRM recipient performs the postage accounting function with verification by the Postal Service.

- a. Are there any other "fundamental differences" between the forms of PRM discussed in H-226 and what was ultimately proposed? Please discuss.
- b. Refer to the statement: "In the proposal submitted in my testimony, the business rather than the Postal Service decides how to pay for the costs of PRM postage." What evidence does the Postal Service have that businesses will choose an option whereby the customer is directly billed for the costs of postage?

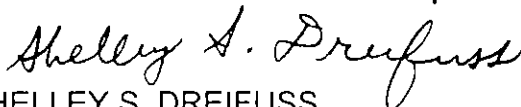
- c. Referring to (b), what evidence does the Postal Service have as to how long it would take businesses to change their billing operations so that the customer is directly billed for the costs of postage?
- d. Please refer to the statement: "Also, the PRM recipient performs the postage accounting function with verification by the Postal Service." Confirm that this is the only material operational difference between PRM and QBRM. If not confirmed, please explain.

OCA/USPS-93. Under the Postal Service's proposed PRM and QBRM, businesses will apparently have an option of directly billing customers for the postage. See Fronk response to OCA/USPS-T32-(a).

- a. Please evaluate the potential for confusion in the minds of customers in having to deal with two types of prepaid reply mail pieces, one for which they pay directly (e.g., as an additional line on their bill) and one where they pay nothing directly.
- b. In reference to (a), please comment on the response of the interviewee in Transcript No. 9, p. 13, H-263: "The second issue is if a customer disputes that we're going to have to pay for a toll-free telephone call, we're going to have to process an adjustment, we wouldn't argue it." What is the potential for customer confusion causing mailers to incur added costs and suffer customer ill-will?

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


SHELLEY S. DREIFUSS
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